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Via Facsimile to 916.322.4743

Chair Alan Lloyd

Economic and Technology Advancement Advisory Committee

1101 I Street

Sacramento, CA 95814

Re: *Comments on the ETAAC Report Discussion Draft Released 11/15/07*

Dear Chair Lloyd:

As you know, NUMMI is the Toyota/GM venture in Fremont, California that employs over 5000 team members and produces approximately 400,000 vehicles per year. Also, NUMMI has attracted to California 23 affiliated major part supplying companies that employ a total of approximately 4000 additional team members. We appreciate the opportunity to share with you a proven incentive approach in reducing greenhouse gases relating to the Economic and Technology Advancement Advisory Committee ("ETAAC") Report Discussion Draft released on 11/15/07.

NUMMI sees environmental stewardship as a very high priority. Through its concerted voluntary efforts, NUMMI has been a model of conservation and environmental innovation over the years. Its systematic review of manufacturing processes has resulted in very high levels of emission and source reduction, water conservation, energy conservation, recycling and the like. Along with all of its other environmental concerns, NUMMI is taking a strong interest in finding workable solutions leading to the reduction of greenhouse gases.

NUMMI truly appreciates efforts to find ways to protect the environment while not endangering high paying manufacturing jobs such as those NUMMI and its suppliers offer. We believe that a key to this kind of balance is the "technology equivalency" approach. With this approach, a regulated entity chooses to install either a) the technology specified by a state or b) a mix of technologies that, on an equivalent basis, brings the entity into compliance with a particular performance standard. The equivalency approach leads to innovation because usually it inspires at least one new technology to help meet the performance standard.

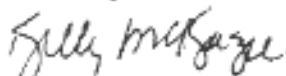
One example of success through a technology equivalency approach has been developed in our paint operations. In that case, the agency set an emissions standard with the hope and expectation that we would meet it by use of waterborne paint. Our industry, working with paint equipment suppliers, developed electrostatic robots and thermal oxidizers that worked with the higher solvent coatings. On an equivalent basis, this mix of technologies produced fewer VOC emissions per vehicle than the existing waterborne performance standard.

Some have argued that a cap and trade system would be the best motivator for innovation. However, while a cap and trade system may at times produce technology innovation, every buyer of an offset always increases its costs of doing business. An entity complying with a greenhouse gas performance standard through an equivalent mix of technologies will be innovative in minimizing emissions and also will usually reduce costs due to capital or operational savings.

For these reasons, NUMMI urges ETAAC to incorporate into its final Economic and Technology Advancements for California Climate Solutions report the use and benefit of the *technology equivalency* approach as an incentive in reducing greenhouse gases. This could be accomplished by adding to this report a description of this approach under Section 4 dealing with the Industrial Sector.

If you would like to discuss these issues further, please contact our consultant, Tony Fisher, at 916.833.0723.

Sincerely,



R. Kelley McKenzie  
General Counsel

cc: Members of the Economic and Technology Advancement Advisory Committee  
Mary D. Nichols, Air Resources Board  
Tom Cackette, Air Resources Board  
Chuck Shulock, Air Resources Board